



For Immediate Release
June 30, 2004

Contact: Jamie Callahan
1-866-525-5637

Sen. Allen's legislation to save state money passes Senate

LANSING – Legislation designed to save the state money by requiring employees and contracts to be paid by electronic funds transfers passed the Michigan Senate Wednesday, announced state Sen. Jason Allen, R-Traverse City.

“During these difficult financial times, we need to do what taxpayers themselves do,” Allen said. “We need to be as efficient as possible with our funds. Eliminating the postage and printing needed to pay for the state’s financial obligations will provide a significant source of savings in the state budget.”

The two-bill package, introduced by Allen, would provide opportunities for financial savings to both the state and independent employers.

Senate Bill 850 would require all non-classified state government employees’ and all elected and appointed state officials’ payroll, and contracts entered into for the purchase of goods and services, to be paid by EFTs beginning Oct. 1, 2005.

Approximately 414,000 payroll warrants were issued in Michigan in 2003, according to the Michigan Department of Treasury. The Department of Management and Budget estimates the state saves a net of 47 cents per EFT transaction.

Electronic funds transfers are a safe, secure and efficient way of providing immediate payment to state employees and contractors. In addition to these benefits, EFTs are less expensive than paper-check payments.

Senate Bill 851, which amends the Wage and Benefit Act, is designed to allow an employer to pay wages to employees by direct deposit or payroll cards. First, employers must provide six weeks notice to current employees so they can designate an account at a financial institution. Employees would reserve the right to opt-out of the EFT or debit card payments and still receive a paper check.

“Allowing employers to pay their employees by electronic fund transfers or through the use of payroll cards will provide them with additional opportunities to save money,” Allen said. “Passing these bills will be good for Michigan businesses and our economy.”

Senate Bill 850 and 851 now go to the House of Representatives for consideration.

###